



Opportunity Alliance for Central America and Mexico

Loren Stoddard, Alliance Coordinator

March 3-4, 2003



Opportunity Alliance

- What is it?
- New Presidential initiative with \$30 million (2003) for alliance-building in three areas
 - Trade capacity building
 - Rural diversification
 - Vulnerability management
- Key to the structure and nature of the Opportunity Alliance is focus on the development of public–private alliances (PPA) that deliver development objectives



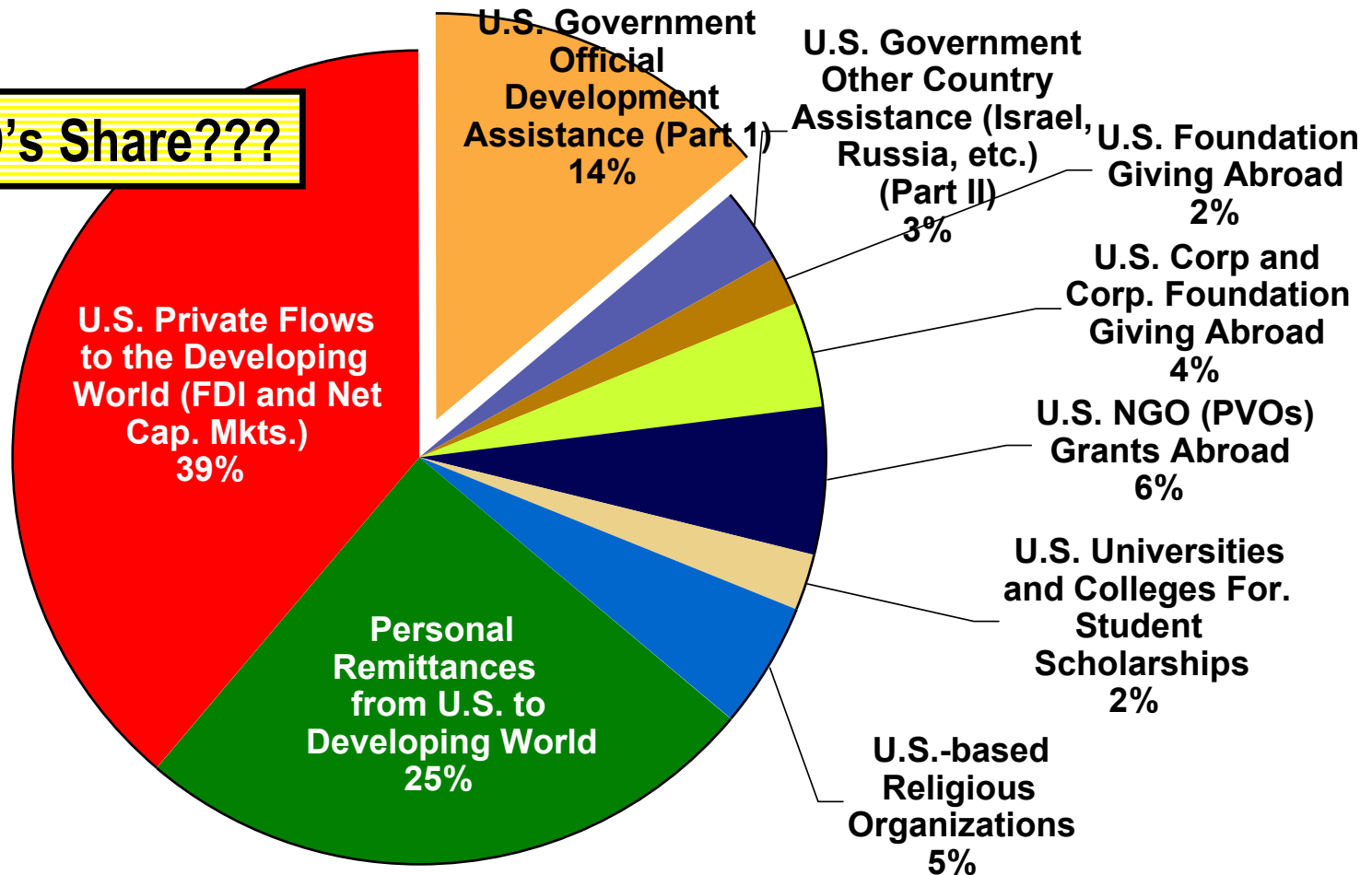
Why the focus on alliances?

- It's a matter of market share...
 - Official development assistance (ODA) has fallen from 70% of total U.S. financial flows to the developing world in 1970 to 20% today
 - U.S. private sector investment in developing countries is now 4 times as large as all U.S. ODA
 - USAID, IFIs, bilaterals, and other multilateral donor agencies face similar changing market conditions, forcing the development of new strategies and programs (Global Compact)



Total flows to the developing world in 2000 from United States—\$71.5 billion

...USAID's Share???



Alliances and the rise of corporate social responsibility

- Bill & Melinda Gates Foundation—\$24 billion
- Corporate image and economic necessity
 - British Petroleum, Unilever, P&G, Nike, Kathy Lee, Wal-Mart, Taca
- Corporate sustainability reporting
 - See www.SustainAbility.com
- Carnegie Libraries



Rural diversification alliances— Relationship issues

- Shared resources (at least 1:1 and more)
- Shared understanding of development objectives and needed interventions
- Multiple alliance partners may generate more resources and sustainability
- Alliances can include IFIs and other donors as well as the private sector
- In-kind is countable but cash is key
- Memoranda of Understanding (MOU) can be used to help seal the deal



Rural diversification alliances— Sectors and areas of focus

- Supermarkets (buyers!!)
 - Quality control, SPS, food safety/handling, logistics, cold chains, customs, HACCP, regulations, private standards (ISO 9000/14000), supplier development, competitiveness
- Example—Royal Ahold invests \$4 million against \$700K from USAID/Ghana for pineapple and other export products for the EU and U.S. markets (Also CARHCO, Wal-Mex and Carrefour)



Rural diversification alliances— Sectors and areas of focus (continued)

- Value-added “commodities” (specialty coffee, certified timber, organic vanilla, cacao, “green” products, and potatoes)
 - Certification standards, supplier/coop reliability, social and environmental sustainability, quality control, logistics, regulations, competitiveness
- Example—ForestTrade invested \$30K against \$25K from USAID/Guatemala to develop an Organic Vanilla seedling greenhouse for development of new exports (Frito-Lay)

Rural diversification alliances— Other sectors

- Tourism, eco-tourism, travel
- Traditional agricultural products
- Other non-traditional agricultural products (ornamental plants, hardwoods)
- Handicrafts
- Vocational skills and education
- Rural information technology
- Trade finance



Developing alliances in rural diversification

- Start with the buyer!!
 - There's no such thing as a market...
- Cashflow is key
- GDA's Annual Program Statement
 - See www.usaid.gov/gda/aps.html
- Alliances can be implemented through existing programs as well as new procurements
- NGO and other implementing partners can help to develop new alliance possibilities



Summary of alliance activity— Year One highlights

- More than 75 formative alliances with USAID funding, totaling approximately \$130 million
 - Africa: (\$30m) 35 alliances
 - Europe/Eurasia: (\$23.8m) 11 alliances
 - Latin America: (\$22.2m) 8 alliances
 - Asia/Near East: (\$29m) 9 alliances
 - 12 global alliances (\$29.7m)



Alliances funded from FY 02

Africa Bureau Incentive Fund: I

Africa	Agriculture	Environment	Education	Econ Growth	USAID Funds	Other Funds	Leverage Partner \$ to USAID \$
Regional	500				500	1,000	2 to 1
Regional	408	1,492			1,900	3,800	2 to 1
Regional	1,000			308	1,308	5,000	3.3 to 1
Angola	1,000				1,000	2,000	2 to 1
Benin	320				320	1,127	3.5 to 1
Ethiopia			350		350	591	1 to
Dem Rep Congo		558			558	???	1.7 to 1
Regional	500				500	???	
Central Africa Regional		500			500	???	
Regional			1,959	3,041	5,000	???	
Ghana	400				400	560	1.4 to 1
Guinea		1,000			1,000	???	
Madagascar		450			450	550	1.2 to 1
Mali	892				892		
Mozambique	750				750	875	1.2 to 1
Namibia			500		500	???	
Namibia			1,000		1,000	900	.9 to 1



Alliances funded from FY 02

Africa Bureau Incentive Fund: II

Africa	Agriculture	Environment	Education	Econ Growth	USAID Funds	Other Funds	Leverage Partner \$ to USAID \$
Nigeria				500	500	628	1.3 to 1
Nigeria	400				400	500	1.3 to 1
Nigeria	320				320	300	.9 to 1
Rwanda			1,091		1,091	1,371	1.3 to 1
S. Africa				500	500	???	
S. Africa				900	900	in-kind	
S. Africa				555	555	1,120	2 to 1
Senegal			600		600	2,064	3.4 to 1
Sierra Leone				996	996	???	
RCSA	1,000				1,000	1,105	1.1 to 1
REDSO	1,810				1,810	1,500	.8 to 1
REDSO	500				500	2,870	5.7 to 1
Uganda		1,000			1,000	???	
Uganda			300		300	1,800	6 to 1
West Africa Reg.				1,250	1,250	2,050	1.6 to 1
Zambia				350	350	700	2 to 1
Zambia	500				500	180	.4 to 1
Zambia	500				500	???	
SUBTOTAL	10,800	5,000	5,800	8,400	30,000		



Existing USAID programs oriented to alliance-building

- Regional Coffee Quality Program
 - Marketing Advisory Group
 - Coffee Corp
- Regional Diversification Program
- Partnership for Food Industry Development (PFID)
- Development Credit Authority
- See www.usaid.gov/gda for more alliance examples

